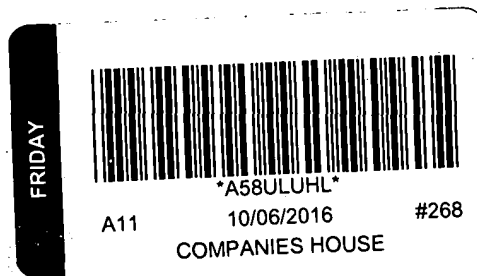


**COMPANY REGISTRATION NUMBER 04630928**

**Grainger Trust Limited**  
**Financial Statements**  
**30 September 2015**



# Grainger Trust Limited

## Financial statements

Year ended 30 September 2015

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# Grainger Trust Limited

## Company Details

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<b>The board of management</b>	Miss Gina Amoh Mr John Beresford Ms Laure Duhot Mr Nicholas M F Jopling Mr Calum Mercer Mrs Deborah F Shackleton
<b>Company secretary</b>	Mr Adam McGhin
<b>Registered office</b>	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
<b>Auditor</b>	KPMG LLP Quayside House 110 Quayside Newcastle Upon Tyne NE1 3DX
<b>Bankers</b>	Barclays Bank Plc Barclays House 5 St Ann's Street Quayside Newcastle Upon Tyne NE1 2BH
<b>Solicitors</b>	Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX
<b>Managing agents</b>	Grainger Residential Management Limited Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
<b>Registration</b>	Homes & Communities Agency (registration 4743)

# **Grainger Trust Limited**

## **Report of the board of management**

**Year ended 30 September 2015**

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The Board of Management present their report and the audited financial statements for the year ended 30 September 2015.

### **Principal Activity**

The principal activity of Grainger Trust Limited is the provision of affordable housing units for rent or shared ownership. Grainger Trust is a for profit registered provider (FPRP) of social housing that was registered with the Homes and Communities Agency in November 2012. It is a wholly owned, ring-fenced subsidiary of Grainger plc.

### **Members of the Board of Management**

The Members of the Board of Management during the year ended 30 September 2015 were:-

Mrs Deborah F Shackleton (Chairperson)  
Miss Gina Amoh  
Mr John Beresford  
Ms Laure Duhot  
Mr Nicholas M F Jopling  
Mr Calum Mercer

### **Registration of the Company**

The Company is registered with the Homes and Communities Agency registration 4743.

### **Financial Statements and state of the Company's affairs**

The results for the year are shown in the profit and loss account on page 8.

### **Review of the Year**

Grainger Trust has experienced significant growth over the past financial year. At 30 September 2015 it owned 24 units at one site and was contracted to purchase another 206 units at three separate locations. An investment of c. £850k has increased total units under management by 9, from 15 to 24. Total annualised rent roll is now £117k and equity shares in five units have been sold, generating revenues of £360k and profits of £196k.

Grainger Trust is well placed to be able to complement the property portfolio of the group by delivering good quality social housing along with strong profits and returns, and expects to acquire a further 100 units from house builders in the South East over the coming year. By the end of the next financial year, Grainger Trust will have quintupled in size, with significant growth expected over the coming few years. As well as units on strategic land sites, Grainger Trust continues to look at a number of other opportunities to organically grow the business through taking on the affordable aspects of mixed schemes, especially those associated with PRS, primarily in London and other major urban centres within the United Kingdom.

### **Value for money**

The primary expenditure over the last 12 months has been the purchase of a further 9 units. Given the substantial uplift in valuations post purchase, the Board of Management are satisfied that they have achieved excellent value for money.

Following concerns around performance of the clerk of works role, arrangements for the role for Grainger Trust's units during the build process have been changed and procured at a reduced cost and a much enhanced service offer to provide better value for money in the delivery of Grainger Trust's pipeline units.

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# Grainger Trust Limited

## Report of the board of management *(continued)*

Year ended 30 September 2015

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Maintenance services have been minimal this year, as most properties are still under warranty, but, where required, services have been provided by Kier, identified by Grainger plc through a formal competitive tender process in 2013. In this way Grainger Trust is able to benefit from the value for money and economies of scale achieved by its parent organisation.

Management and administrative services have been provided by the Grainger plc group which employs one full time member of staff wholly concentrating on Grainger Trust. Other finance and administrative services are shared with the group. Management costs per unit have been benchmarked against sector averages and show that services provided by the group are competitive within the sector. Considering Grainger Trust's current small scale, it is again benefitting from the economies of scale achieved by its parent organisation.

Grainger Trust has been entirely funded by equity investment from the Grainger plc group. At this early stage in its development, Grainger Trust has no plans to dispose of properties, concentrating instead on building up its property holding to enable it to achieve better economies of scale. Plans are in place to grow Grainger Trust to between 450-500 properties in the next 5 years. Until then, housing management costs will inevitably exceed those of the best performing RPs.

Given the fact that all properties have been in ownership for less than two years, with the business not yet at scale, it is not possible and indeed would be misleading to provide details of the absolute and comparative cost of delivering specific services, which are being collected and analysed. The Board of Grainger Trust is very conscious of the need to know and understand the detail of the costs of delivering services, as Grainger Trust grows and improves its social housing stock and services.

### **Governance**

Grainger plc, the company's ultimate parent undertaking, has adopted and is operating under the relevant sections of the UK Corporate Governance Code. The Board of Management has considered the Code of Governance produced by the National Housing Federation (NHF). The Board strives to comply with the spirit of the recommendations made in the NHF's Code.

### **Statement of Board's Responsibilities**

The Board of Management is responsible for preparing the Management Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
  - make judgements and estimates that are reasonable and prudent;
  - state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
  - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
-

# Grainger Trust Limited

## Report of the board of management *(continued)*

Year ended 30 September 2015

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The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Board of Management acknowledges its ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

- the reliability of financial information used within the Company or for publication;
- the maintenance of proper accounting records, and
- the safeguarding of assets against unauthorised use or disposition and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is the responsibility of the Board of Management to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include:-

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Company's assets;
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Board of Management to monitor the key business and financial objectives and risks and the progress towards financial objectives set for the year and the medium term; regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information; significant variances from budget are investigated as appropriate;
- all investment projects are subject to formal authorisation procedures by the Board of Management;
- the Board of Management reviews reports from the managing agents and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Company and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Company for the year ended 30 September 2015. No weaknesses in internal financial control resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or the auditors' report on the financial statements.

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# Grainger Trust Limited

## Report of the board of management (*continued*)

Year ended 30 September 2015

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### Prior year adjustment

During the year the directors determined that Intermediate Rent properties are not Social Housing properties in nature, are held for income-generating purposes, and therefore would be more appropriately classified as Investment Property instead of Property, Plant & Equipment. The impact of this prior year adjustment is shown in note 15 to the financial statements.

### Statement of Disclosure of Information to Auditors

We, the Board members of the Company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the Company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as Board members in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditor

KPMG LLP were appointed as auditor during the year, and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

### Small company provisions

The report of the board of management has been prepared taking advantage of the small companies' exemption under section 415A of the Companies Act 2006.

The financial statements were approved by the Board of Management on 31 March 2016 and signed on its behalf by:-



.....  
Adam McGhin  
Company Secretary

## **Independent auditor's report to the members of Grainger Trust Limited**

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We have audited the financial statements of Grainger Trust Limited ("the association") for the year ended 30 September 2015 set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Board of Management's Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the association as at 30 September 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the report of the board of management for the financial year is consistent with the financial statements.



**Independent auditor's report to the members of Grainger Trust Limited (continued)**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Nick Plumb (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Quayside House  
110 Quayside  
Newcastle Upon Tyne  
NE1 3DX  
6 April 2016

# Grainger Trust Limited

## Profit and loss account

Year ended 30 September 2015

		2015	As restated (note 15) 2014
	Note	£	£
Turnover	2	472,716	456,825
Cost of sales	2	(182,592)	(228,741)
<b>Gross profit</b>		<b>290,124</b>	<b>228,084</b>
Administrative expenses	2	(138,220)	(180,761)
<b>Operating profit</b>	<b>2 / 3</b>	<b>151,904</b>	<b>47,323</b>
Interest receivable and similar income		4	-
<b>Profit on ordinary activities before taxation</b>		<b>151,908</b>	<b>47,323</b>
Tax on profit on ordinary activities	5	(31,141)	(10,411)
<b>Profit for the year</b>	<b>12</b>	<b>120,767</b>	<b>36,912</b>

All of the activities of the company are classed as continuing.

The notes on pages 11 to 18 form part of these financial statements.

# Grainger Trust Limited

## Statement of total recognised gains and losses

Year ended 30 September 2015

---

	2015	As restated (note 15) 2014
	£	£
Profit for the financial year	120,767	36,912
Unrealised profit on revaluation of investment properties	559,593	-
Total gains and losses relating to the year	680,360	36,912
Prior year adjustment (as explained in note 15)	495,047	-
Total gains and losses recognised since the last annual report	<u>1,175,407</u>	<u>36,912</u>

The notes on pages 11 to 18 form part of these financial statements.

---

# Grainger Trust Limited

## Balance sheet

30 September 2015

			2015	As restated (note 15) 2014
	Note	£	£	£
<b>Fixed assets</b>				
Housing properties	6		<u>2,698,695</u>	<u>1,345,020</u>
<b>Current assets</b>				
Stock	7	363,955		84,766
Debtors	8	-		4,686
Cash at bank and in hand		<u>1,622,814</u>		<u>857,123</u>
		<u>1,986,769</u>		<u>946,575</u>
<b>Creditors: Amounts falling due within one year</b>	9	<u>(285,065)</u>		<u>(262,684)</u>
<b>Net current assets</b>			<u>1,701,704</u>	<u>683,891</u>
<b>Total assets less current liabilities</b>			<u><u>4,400,399</u></u>	<u><u>2,028,911</u></u>
<b>Capital and reserves</b>				
Share capital	11	3,241,128		1,550,000
Profit and loss account	12	104,631		(16,136)
Revaluation reserve	13	<u>1,054,640</u>		<u>495,047</u>
			<u>4,400,399</u>	<u>2,028,911</u>
<b>Shareholders' funds</b>			<u><u>4,400,399</u></u>	<u><u>2,028,911</u></u>

These accounts were approved by the directors and authorised for issue on 31 March 2016, and are signed on their behalf by:

  
 .....  
 Nicholas M F Jopling  
 Director

The notes on pages 11 to 18 form part of these financial statements.

# Grainger Trust Limited

## Notes to the financial statements

Year ended 30 September 2015

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### 1. Accounting policies

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable UK accounting standards.

The financial statements have been prepared on the going concern basis in accordance with applicable Accounting Standards in the United Kingdom, the Accounting Direction for Social Housing 2012 and the Statement of Recommended Practice Accounting by Registered Social Landlords, Update 2010.

#### Cash flow statement

The company is a wholly owned subsidiary of Grainger plc and the cash flows of the company are included in the consolidated cash flow statement of Grainger plc. Consequently, the company is exempt under the terms of FRS 1 from preparing a cash flow statement.

#### Turnover

Turnover represents rental income and sale proceeds of trading properties. Sales of properties are only accounted for when the cash proceeds are received in full or the company has entered into a legally binding contract.

#### Social Housing properties, fixed assets and depreciation

Social Housing properties are classified as Property, Plant & Equipment in Fixed Assets and are stated at the lower of cost less depreciation and Net Realisable Value.

Major components of housing properties, such as the internal fittings and heating components, have been accounted for and depreciated separately from the housing structure, over their expected useful economic lives.

Depreciation is charged on a straight line basis at rates anticipated to write off the cost of the asset over the expected useful economic lives of the assets as follows:

Land	Not depreciated
Housing properties	
Main fabric	100 years
Roof	50 years
Windows & Doors	30 years
Kitchens	20 years
Bathrooms	25 years
Heating	
Boilers	20 years
Other fixed assets	
Electrics / mechanical systems and lifts	40 years

The useful economic lives of all tangible fixed assets are reviewed annually.

#### Investment properties

Properties which are let but which are not subject to regulation by the HCA (ie Intermediate Rent properties) are classified as investment properties.

# Grainger Trust Limited

## Notes to the financial statements

Year ended 30 September 2015

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### 1. Accounting policies (*continued*)

#### Investment properties (*continued*)

The cost of investment properties is their purchase cost, together with any incidental costs of acquisition. Repairs are expensed to the profit and loss account as incurred. Improvement costs are capitalised. In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, unless any diminution in value of an individual property is considered permanent, in which case the deficit is taken to the profit and loss account and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run. The requirement of the Companies Act 2006 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that to depreciate such properties would not give a true and fair view, but that a true and fair view is given by following SSAP 19 as described above. Full valuations are made by professionally qualified valuers every year. The basis of valuation is explained in the tangible fixed assets note.

#### Stock

Under the Housing Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers: Update 2010, the initial percentage of a shared ownership house to be sold (first tranche) is treated as stock (Trading Property), with the remainder being classified as Investment Property.

Trading properties are shown in the financial statements at the lower of cost to the company and net realisable value. Cost to the company includes legal and surveying charges incurred during the acquisition plus improvement costs. Net realisable value is the net sale proceeds which the company expects on sale of the first tranche of the property.

Repairs and improvements are the responsibility of the Shared Ownership tenant.

#### Work In Progress

Work in progress comprises stage payments for the construction of shared ownership units.

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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# Grainger Trust Limited

## Notes to the financial statements

Year ended 30 September 2015

### 2. Turnover, cost of sales, administrative expenses and operating profit for the year

								As restated (note 15) 2014
	Turnover	Cost of sales	Administrative expenses	Operating profit	Turnover	Cost of sales	Administrative expenses	Operating profit
	£	£	£	£	£	£	£	£
<u>Income and expenditure from social/intermediate housing properties</u>	<u>472,716</u>	<u>(182,592)</u>	<u>(138,220)</u>	<u>151,904</u>	456,825	(228,741)	(180,761)	47,323
<u>Income from social/intermediate housing lettings</u>								
Social rents				24,774				4,491
Other social housing activities				87,942				32,334
Service charges				-				-
Gross rents receivable				112,716				36,825
Less: Rent losses from voids				-				-
Net rents receivable				112,716				36,825
<u>Income from shared ownership properties</u>								
Sales				360,000				420,000
<u>Total income from housing lettings and sales</u>				<u>472,716</u>				<u>456,825</u>
<u>Expenditure on social/intermediate housing activities</u>								
<u>Housing accommodation (24 units (2014: 15 units))</u>								
Property operating expenses				18,808				16,282
Property book cost of sales				156,386				208,204
Property disposal fees				7,398				4,255
Cost of sales				182,592				228,741
Abortive purchase fees				-				19,230
Valuation fees				3,600				-
Intercompany management charges				104,939				91,654
Consultancy fees				5,700				40,962
Marketing				2,441				780
Directors' remuneration				20,282				22,320
General expenditure				1,258				5,815
Administrative expenses				138,220				180,761
<u>Total expenditure on social/intermediate housing lettings and sales</u>				<u>320,812</u>				<u>409,502</u>
<u>Operating profit</u>				<u>151,904</u>				<u>47,323</u>

# Grainger Trust Limited

## Notes to the financial statements

Year ended 30 September 2015

### 3. Operating profit

Operating profit is stated after charging:

	2015	As restated (note 15) 2014
	£	£
Depreciation on housing properties	-	-
Auditor's remuneration	-	-
	<u>-</u>	<u>-</u>

Audit fees are statutory audit fees only and are borne by another group company.

### 4. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£	£
Remuneration receivable	20,000	22,002
Social security costs	282	318
	<u>20,282</u>	<u>22,320</u>

The remuneration of Deborah Shackleton, Calum Mercer, and Gina Amoh paid by Grainger Trust Limited totalled £20,000. In addition to their directorship of Grainger Trust Limited, John Beresford, Laure Duhot and Nicholas Jopling are directors/employees of other group companies and their remuneration was borne by another group company.

### 5. Taxation

#### (a) Analysis of charge in the year

	2015	2014
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 20.5% (2014 – 22%)	31,141	10,411
	<u>31,141</u>	<u>10,411</u>



# Grainger Trust Limited

## Notes to the financial statements

Year ended 30 September 2015

### 5. Taxation (continued)

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as (2014: same as) the standard rate of corporation tax in the UK of 20.5% (2014 - 22%).

	2015 £	As restated (note 15) 2014 £
Profit on ordinary activities before taxation	<u>151,908</u>	<u>47,323</u>
Profit on ordinary activities by rate of tax	31,141	10,411
Expenses not deductible for tax purposes	-	-
Total current tax (note 5(a))	<u>31,141</u>	<u>10,411</u>

#### (c) Factors that may affect future tax charges

No provisions have been made for tax that would become payable if the company's trading properties were sold at their year end replacement values. The total unprovided deferred tax in respect of this is £25,926 (2014: £24,247).

There are no other factors that are expected to significantly affect the taxation charge in future years.

### 6. Tangible fixed assets

	Investment Properties £
<b>Cost or valuation</b>	
At 1 October 2014 (As restated – note 15)	1,345,020
Additions	794,082
Revaluation	559,593
<b>At 30 September 2015</b>	<u>2,698,695</u>
<b>Net book value</b>	
<b>At 30 September 2015</b>	<u>2,698,695</u>
At 30 September 2014 (As restated - note 15)	<u>1,345,020</u>

The company's investment properties have been valued at their open market value as at 30 September 2015 by Savills (UK) Limited.

The valuations represent estimates of the open market value of the properties subject to the tenancies then existing. The historical cost of these properties is £1,644,055 (2014: £849,973). The potential corporation tax liability, had these properties been sold at the balance sheet date, was £216,201 (2014: £108,910).

# Grainger Trust Limited

## Notes to the financial statements

Year ended 30 September 2015

### 7. Stocks

	2015	2014
	£	£
Trading properties	80,368	84,766
Work in progress	283,587	-
	<u>363,955</u>	<u>84,766</u>

The replacement value of trading properties (sale at market value of the property subject to occupation by a resident) is £210,000 (2014: £206,000) based on market value at 30 September 2015.

Stock is stated in the balance sheet at the lower of cost and net realisable value. Net realisable value is the net sales proceeds which the company expects on the sale of a property with vacant possession. The directors have reviewed the vacant possession valuations of the properties. They concluded that there was no provision necessary against the carrying value of stock.

### 8. Debtors

	2015	2014
	£	£
Trade debtors	-	66
Other debtors	-	4,620
	<u>-</u>	<u>4,686</u>

### 9. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Amounts owed to group undertakings	267,286	253,834
Accruals and deferred income	5,076	1,470
Trade creditors	4,123	-
Other creditors	8,580	7,380
	<u>285,065</u>	<u>262,684</u>

The amount owed to group undertakings is unsecured, is repayable on demand, and does not bear interest.

### 10. Related party transactions

The company has taken advantage of the exemption available under FRS 8 and has not disclosed transactions with companies that are wholly owned members of the Grainger plc group.

### 11. Share capital

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>3,241,128</u>	<u>3,241,128</u>	<u>1,550,000</u>	<u>1,550,000</u>

On 5 August 2015 the company issued 1,691,128 ordinary £1 shares, and issued a further 6,500,000 ordinary £1 shares on 27 January 2016. The shares have full voting, dividend and capital distribution rights.

# Grainger Trust Limited

## Notes to the financial statements

Year ended 30 September 2015

### 12. Profit and loss account

	2015 £	As restated (note 15) 2014 £
Balance brought forward (originally £18,291 before deducting prior year adjustment of £2,155)	(16,136)	(53,048)
Profit for the year	120,767	36,912
Balance carried forward	<u>104,631</u>	<u>(16,136)</u>

### 13. Revaluation reserve

	2015 £	As restated (note 15) 2014 £
Balance brought forward (originally £nil before prior year adjustment of £495,047)	495,047	—
Revaluation of fixed assets	559,593	495,047
Balance carried forward	<u>1,054,640</u>	<u>495,047</u>

### 14. Capital commitments

	2015 £	2014 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>22,458,000</u>	<u>21,583,000</u>

# Grainger Trust Limited

## Notes to the financial statements

Year ended 30 September 2015

### 15. Prior year adjustment

During the current year the directors determined that Intermediate Rent properties are not Social Housing properties in nature, are held for income-generating purposes, and therefore would be more appropriately classified as Investment Property instead of Property, Plant & Equipment. The Intermediate Rent properties were acquired during the year ended 30 September 2014 and were recorded at cost of £849,973 and £2,155 of depreciation was recorded in 2014. Investment properties are measured at fair value and not depreciated rather than at cost less depreciation. Accordingly, the 2014 comparatives have been restated to measure the Intermediate Rent properties at fair value and to reverse depreciation previously charged as shown below. There was no impact to the opening balances of 2014.

	As previously reported 2014 £	Adjustment 2014 £	As restated 2014 £
<i>Profit and loss account</i>			
Administrative expenses (Depreciation on housing properties)	2,155	(2,155)	–
<i>Balance sheet</i>			
Tangible fixed assets	847,818	497,202	1,345,020
Profit and loss account	(18,291)	2,155	(16,136)
Revaluation reserve	–	495,047	495,047
<i>Statement of total recognised gains and losses</i>			
Unrealised profit on revaluation of investment properties	–	495,047	495,047

The unrealised profit on revaluation at 30 September 2014 is based on an informal, internal valuation.

### 16. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Profit for the financial year (restated – note 15)	120,767	36,912
Other net recognised gains and losses (restated – note 15)	559,593	495,047
Ordinary shares issued	1,691,128	1,549,999
Net addition to shareholders' funds (restated – note 15)	2,371,488	2,081,958
Opening shareholders' funds	2,028,911	(53,047)
Closing shareholders' funds	<u>4,400,399</u>	<u>2,028,911</u>

### 17. Legislative provisions

The Company is registered under the Homes & Communities Agency (HCA) (registration 4743).

### 18. Ultimate controlling party

The Members of the Board of Management regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

Grainger Housing & Developments Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.